

SENATE BILL REPORT

SB 5155

As of January 27, 2009

Title: An act relating to the Uniform Commercial Code.

Brief Description: Revising the Uniform Commercial Code.

Sponsors: Senators Kline and Rockefeller; by request of Uniform Legislation Commission.

Brief History:

Committee Activity: Judiciary: 1/23/09.

SENATE COMMITTEE ON JUDICIARY

Staff: Brandon Roché (786-7405)

Background: First adopted in Washington in 1965, the Uniform Commercial Code (UCC) is prepared by the National Conference of Commissioners on Uniform Laws. The intent is to promote uniformity in state law governing commercial transactions. The UCC applies to any transaction that predominantly involves the sale of goods. Article 1 of the UCC provides definitions and general provisions which, in the absence of conflicting provisions, apply as default rules covering transactions and matters otherwise covered under a different article of the UCC.

Summary of Bill: Definitions of terms used throughout the UCC are updated to reflect modern means of doing business. Section 1-102 now expressly states that the substantive rules of Article 1 apply only to transactions within the scope of other articles of the UCC. The statute of frauds requirement aimed at transactions beyond the coverage of the UCC has been deleted. Section 1-103 revises the UCC to be more specific as to when the UCC controls over common law.

Moreover, with respect to all transactions, an agreement by the parties to use the law of a particular state (or in the case of an international transaction, a country) is effective, regardless of whether the transaction bears a reasonable relation to that state. However, an agreement to use the law of a designated state or country is ineffective to the extent that application would violate a fundamental public policy of the state or country which has jurisdiction. The forum state's law will govern the transaction if the contract is silent on the issue of choice of law.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a significant national revision of the law. The UCC is meant to promote uniformity in transactions through all jurisdictions. As times change, the UCC must change to keep pace. We support this bill but not in this exact form. Our concerns are with the numbering; we urge this committee to stay with the uniform numbering system. The choice of law clause should also be changed. This presumes the Uniform Electronic Signatures Act will be adopted.

CON: Our concern is also with the choice of law/forum provisions.

Persons Testifying: PRO: Scott Wert, Washington State Bar Association Business Law Section; John Cary, Uniform Law Commission.

CON: Mark Greenberg, TRACER NW; Kenton Brine, Property and Casualty Insurers Association.